

EXECUTIVE SECRETARIAT
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SUSPENSE

Date

Remarks

Executive Secretary

10/24/83

Date

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United States Department of State



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October 22, 1983

MEMORANDUM TO: NSC - Mr. Robert M. Kimmitt
OVP - Mr. Donald P. Gregg
DOD - Col. John H. Stanford
CIA -
DOE - Mr. William Vitale
TREAS - Mr. David Pickford

25X1

FROM: S/S - Charles Hill 

SUBJECT: Iran-Iraq SIG

Attached is an informal discussion paper that may be used to focus the SIG review of the issues related to the Iran-Iraq crisis. The SIG will meet on 26 October in the Room 7516 24
~~D Conference Room~~ at 2:30 p.m.
~~State~~ 4 PM

Attachment:

SIG Discussion Paper

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SIG DISCUSSION PAPER

I. Introduction

The threat of escalation of the Iran-Iraq war in the Persian Gulf poses a serious danger to Gulf oil supplies, which are essential to the security and well being of the non-communist world. In order to deter, or, if necessary deal with a stoppage or curtailment of Gulf oil exports, we need to agree on: 1) measures to deter escalation, reassure our friends in the Gulf and prepare for military involvement, if necessary; 2) the circumstances that would require US military action; 3) how and under what circumstances we would intervene with military force; 4) rules of engagement; 5) and, energy policy actions and contingency plans, which are integrated into an overall strategy. Recommendations by the SIG on these issues will be forwarded to the NSC for final approval.

II. Background and Setting

Iraq, threatened with a foreign exchange crisis because the war has curtailed its oil export and fearing defeat by Iran in a war of attrition, is seeking to change the strategic situation to its advantage.

It is doing so by threatening to use the French supplied Super Etendard aircraft and Exocet missiles against Iranian oil targets and shipping in the Gulf, either to: 1) cut off Iranian access to oil markets and foreign exchange earnings; or 2) deter Iran from further attacks on Iraq's Gulf oil facilities so that Iraq can repair these and resume oil exports through the Gulf, thereby easing its economic crisis.

Iran has responded by threatening to close the Gulf to all oil exports if Iraq uses the new weapons. Iraq is also exploiting the new weapons, even before delivery, to "internationalize" the conflict. It hopes that fears of escalation will force the West to intervene diplomatically to Iraq's advantage. Alternatively, Iraq foresees that if Iran resumes attacks on Iraqi oil shipments, Iraq uses the Etendard/Exocets, and Iran moves to close the Gulf, the West will intervene militarily against Iran, somehow bringing an end to the war.

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It is not clear that Iran would actually close the Gulf if Iraq uses the new weapons. But Iran has the military capability of limiting or preventing neutral shipping in the Gulf, at least for a while. We must, therefore, take Iran's threats seriously.

III. Near Term Measures

There is interagency agreement that the US should take certain near-term diplomatic and politico-military measures prior to an expansion of the war as deterrents and to be prepared for a crisis. Following SIG-level review and approval of these measures, consultations could begin, e.g., during the Armitage-Raphel trip to Oman and Bahrain in two weeks. Other near-term measures will require fundamental policy decisions before they can be undertaken. The near-term diplomatic and politico-military actions are described as follows:

Diplomatic Strategy:

-- Encourage a de facto ceasefire in the Gulf. Our broad strategy is to achieve a strategic balance between the belligerents that would reduce the threat of escalation in the Gulf and ultimately lead the two sides to negotiate.

Our immediate objective is a de facto ceasefire in the Gulf, whereby neither side would attack the other's Gulf oil facilities or exports. This would benefit both sides: Iran would be protected from Iraqi attacks on its oil exports or terminals, using the new super Etendards; Iraqi and third country oil targets in the Gulf would be protected from retaliation and closure of the Gulf, which Iran has threatened; Iraq could thus ensure exports of oil through the Gulf, thereby reducing its strategic disadvantage which is now driving it toward escalation.

We should pursue such a de facto ceasefire in the UN Security Council, where discussion on a balanced resolution with incentives for both belligerents are underway. We should also pursue bilaterally efforts to obtain cooperation by both Iran and Iraq in a de facto ceasefire, whether or not the Security Council acts. We should engage our Allies, the Gulf states and others who have influence with either Iran or Iraq to urge restraint. A special effort should be made to allay Iranian suspicions and to persuade it that a ceasefire in the Gulf is to its advantage.

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-- Encourage reopening of Iraq's pipeline through Syria. This is another means of reducing pressure on Iraq to attack Iranian oil targets in the Gulf, as a means of reducing the current strategic imbalance. We should encourage efforts now underway by the Arab states to persuade Damascus to reopen the pipeline, although this is a long range prospect.

-- Continue to stress our commitment to freedom of navigation in the Gulf. However, we should avoid statements that might raise tensions unnecessarily or provoke unwarranted concern in the international oil markets, thus adversely affecting oil prices.

-- Deter Iran's threat against civil aviation. We should continue our current diplomatic efforts with the Secretary General of the ICAO and with states friendly to Iran to discourage Iran from carrying out this threat.

-- Encourage renewed mediation attempts in the Iran-Iraq war by the UN Secretary General. The SYG has the respect of both belligerents and a new mission by his envoy Olaf Palme could be useful at the appropriate time. In connection with renewed UN involvement, we should explore prospects for international action on war damages as a means of establishing greater Iranian confidence in international efforts to end the war.

-- If there is a crisis, pursue diplomatic efforts to obtain a ceasefire to avoid the need for intervention. We would carry out intensive bilateral and multilateral efforts to obtain a ceasefire in order to avoid, if possible, the last resort of military intervention. Such measures would include engaging the UN Secretary General and organizations such as the Gulf Cooperation Council in public and diplomatic efforts to achieve a ceasefire, as well as bilateral efforts. We would also examine the option of persuading Allied and other states who are major weapons suppliers to both belligerents to suspend all sales as a means of leverage. We would also explore the possibility of action in the UN Security Council to accomplish a ceasefire, although we would not encourage involvement by the Secretary General or the UNSC in a way that might make it more difficult for us and our Allies to intervene militarily, if this becomes necessary.

Energy Considerations:

To minimize the disruptive effects of a severe reduction in oil exports from the Gulf, we should estimate now the probable effects on supply and distribution of various levels of

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entailment and estimate what additional supply could be expected from currently shut-in capacity. We should also consider the advisability of making test withdrawals from the strategic petroleum reserve to demonstrate, perhaps publicly, its availability. Interagency public affairs guidance should also be developed to minimize the market disrupting effects of alarming or anxious public comment.

Politico-Military Actions:

-- Multilaterally, discuss within NATO the broad guidelines of US policy and plans. Such discussions will be consistent with our pledge to consult on out-of-area issues/deployments and would set the stage for bilateral discussions.

-- Intensify contingency planning consultations with the UK and France to determine Allied attitudes toward military cooperation. Detailed planning such as agreement on a multinational plan for preserving freedom of navigation in the Gulf and a concept for a division of responsibility in the event that one or more of the Gulf states is attacked by Iran will require fundamental policy decisions before commitments can be made.

-- Seek agreement from other governments for combined naval exercises with the US, UK, France, New Zealand, Australia. This measure will require a Presidential decision before JCS will agree to proceed.

-- Launch a new round of consultations with appropriate GCC states on combined military cooperation. These consultations would seek to determine Gulf state attitudes towards military cooperation with us in various escalation contingencies. Once basic policy is set on US intervention, we should also seek to make progress in the following areas: combined contingency planning; combined exercises and US/Allied deployments (e.g., combined air defense/TACAIR exercises in Saudi Arabia and Oman); US use of facilities and host nation support; increased naval cooperation between USCINCENT and the Saudi and Omani Navies; upgrading GCC air defense and air/sea surveillance capabilities.

-- In response to heightened indications that the Iraq-Iran war may escalate or spread within the Gulf regions: be prepared to agree to Gulf state requests for an increased US military presence (e.g., TACAIR, naval and AWACS deployments); offer expanded intelligence sharing with selected Gulf states, including provision of near-real time data on warning

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indicators; begin planning and preparations for multinational protection of shipping; and recommend to the Gulf states that they increase their air defense readiness and ask what assistance they may need. Discussions with Gulf states on these issues will also require basic policy decisions.

IV. Escalation Issues

General Policy for Military Intervention

The US should be prepared to use military force if military threats or acts by either belligerent result in a cutoff or major curtailment of Gulf oil exports, and military action is necessary to restore the flow of oil. Such intervention should await the outcome of diplomatic efforts to restore oil exports and the timing and nature of US intervention would need to be related to the estimated duration of the cutoff and the impact of the crisis on the US and the international economy. Military intervention should be carried out, to the extent possible, in concert with our Allies and under international sanction, and in accordance with U.S. domestic legal requirements.

The US would also use military force in the event of military threats or acts against friendly Gulf producer states if our assistance was requested.

1) Response to Iranian Mining

If Iran mines the Strait of Hormuz and this significantly affects shipping, the US would conduct minesweeping operation with the contributions of others (e.g., the Saudis, Omanis, French and British) in both international and non-belligerent waters to neutralize the threat. The US does not possess a complete military capability to conduct mineclearing operations unilaterally in a timely fashion. At a minimum, we must work with either the French, the Saudis, or the Omanis.

The US would conduct such operations in international waters with or without others (to the extent the latter is possible and if efforts to engage our Allies or regional states failed) at the request of Gulf states or other shipping nations, or unilaterally, if there is no such request. We would not conduct minesweeping operations in territorial waters without a request by that state.

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2) Response to Interdiction of Neutral Commerical Shipping

The Iranians are also capable of using air and naval assets to interdict commercial shipping either in international or non-belligerent territorial waters. It is important to note that both belligerents have declared maritime exclusionary zones and warned that they would fire on ships within these zones. Portions of Iran's exclusionary zone extend close to Kuwait, but permit unrestricted entry into Kuwait port and oil terminals. With regard to protection of shipping, we would remain outside the exclusion zones. (This was the concept of operations in the 1980 plan for protection of shipping.) We would not recognize, however, any extension of exclusionary zones into the international waters of the Persian Gulf or Strait of Hormuz.

The US would not respond militarily to Iranian naval stop and search actions against neutral vessels in international waters, except in the unlikely event that this seriously (and impermissibly) curtailed neutral shipping in the Gulf and, thus, oil exports.

-- Protect all commercial shipping in international waters, regardless of its port of origin or destination.

This is a high-risk option since it would require protecting both Iranian or Iraqi commercial shipping (thus potentially compromising our own neutral status) as well as protecting non-belligerent shipping bound to and from belligerent ports. It is unlikely that any of our Allies would participate in such an operation, which might encounter permissible uses of force by the belligerents.

Implementation of this option could, however, help alleviate Iraq's short-term financial problem if it were able to reopen oil export facilities in the Gulf. On the one hand, this could dampen Iraqi incentive to continue attacks on Iranian oil exports. On the other hand, US/Allied protection of all commercial shipping, if done in conjunction with an Iraqi effort to reopen its Gulf oil export terminals, could be perceived by Iran as a clear tilt toward Iraq, especially if France participated in this operation, though Iran would benefit as well.

Although from a moral standpoint this option would provide even-handed treatment of both belligerents, it would certainly be viewed as pro-Iraqi by Tehran, which has stopped all Iraqi exports through the Gulf.

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-- Protect only neutral shipping in international and, if requested, non-belligerent territorial waters regardless of port of origin or destination.

This option would also involve a high risk of direct US/Allied involvement in the conflict because it would still require handing off non-belligerent ships from a multinational force to belligerent naval units near their territorial waters. It is unlikely that US Allies would participate in this operation. Like option one, however, protection of commercial shipping destined for Iraq would help Iraq export oil if its loading terminals were rebuilt.

-- Protect only neutral shipping in international or, if requested, non-belligerent territorial waters, except those neutral ships bound to or from belligerent ports.

This option avoids the problem of ship hand-offs and poses the least risk to a multinational force. It would present the strongest case for U.S. use of defensive force and would be the most attractive option for Allied cooperation. It would lessen the likelihood of inadvertent US/Allied involvement in the hostilities, while fulfilling our commitment to freedom of navigation throughout the international waters of the Persian Gulf. A US/Allied guarantee of safe transit to Gulf Arab ports would demonstrate concern for the security and well-being of the Gulf states. Protecting only non-belligerent shipping in international and non-belligerent waters which is not bound to or from non-belligerent ports would not assist Iraq if it were to reopen its oil export terminals, and consequently runs the least risk of hostilities with Iran.

A policy that protects only neutral ships going to non-belligerents' ports would still likely be perceived by Iran as evidence that the US is siding with Iraq. However, the Iranians already regard all the GCC states as Iraqi allies, because they provide financial assistance to Iraq (e.g., direct cash transfers or sale of oil on Iraqi account) and, in the case of Kuwait and Saudi Arabia, allow their ports to be used for transshipment of arms to Iraq. In addition, Iran has repeatedly denounced the US, in concert with the Saudis, of being its principal enemies. Thus, although our ensuring safe transit of neutral ships going to Gulf state ports, while doing nothing to protect ships carrying on trade with Iraq would not be construed by the Iranians as a friendly act, and it would not qualitatively change Tehran's perceptions of US intentions.

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3) Iranian Threats or Attacks on the Territory or Oil Facilities of Non-Belligerent Gulf States

In either event, the US should cooperate with any Gulf state that requests our assistance or facilitate assistance provided by others. We should, under most circumstances, provide only defensive forces in order that our response appear measured and, therefore, less likely to draw in the Soviets. To the extent possible we would want to involve other friendly or allied states outside the Gulf.

If Iran attacks Saudi Arabia, we could, in the first instance, offer to assist, if necessary, in the repair of oil installations and to deploy air defense assets to deter further attacks. We would need to determine the extent to which we would support Saudi retaliation against Iran, if the Saudis sought to do so.

If Iran attacks Kuwait, we should be prepared to assist in response to a Kuwaiti request. Kuwait did not request our support after the previous Iranian attack on its territory at the outset of the war, and probably would not do so again. We should encourage the UK to defend Kuwait, perhaps with US logistics and lift support.

4) US Military Intervention Without a Request from Other States or Without Participation by Our Allies.

US naval intervention to protect neutral shipping in the Gulf without a request from regional states or from shipping nations would be more difficult to sustain domestically and internationally. It is likely that, at least, some Gulf state, such as Oman, would request our intervention or that Gulf states or shipping nations could be prompted to make such a request. However, if there is no such request and there is a stoppage or curtailment of shipping and oil exports that would meet our other criteria for intervention, we should be prepared to deploy and use naval force in international waters of the Gulf, to the extent that this would be useful to deter further attacks or threats and to bring about a resumption of shipping and oil exports.

An Allied military response would obtain far greater domestic and international support than unilateral action by the US.

The smaller Gulf states -- notably Kuwait, UAE and Qatar -- might find multinational Allied support more politically acceptable than unilateral US military deployments. Also,

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Allied military involvement would provide an international framework within which the US could act militarily to guarantee oil supplies. This show of western resolve would lessen the risk of provoking an escalatory Soviet response and turning US military involvement in the Gulf into a US-Iranian confrontation.

We expect from recent consultation with the UK that, so long as our military actions are modest in extent, founded on such principles as freedom of navigation and Gulf state requests for assistance, and are accompanied or preceded by political initiatives, the British will participate with us. Regarding the French, we are less sure. If none of our Allies agree to join us, we should be prepared to act alone to fulfill our commitments to freedom of navigation in the Gulf and the security of the Gulf states. A failure to do so would not only have serious consequences for the international economy, but also shatter Gulf state confidence in US reliability and the credibility of our security assurances.

V. Rules of Engagement

We need to decide what ROEs should apply to peacetime deterrent force deployments which could become involved in hostilities and to US forces that, after escalation, are employed to protect shipping or non-belligerent Gulf states. Normal peacetime ROEs permit US forces to defend themselves only if they are being fired upon or there are indications of hostile intent against US forces.

Should we decide, as a matter of policy, to defend the Gulf states and freedom of navigation, we should consider modifying peacetime ROEs even for pre-escalation deterrent deployments to permit defense of non-belligerent shipping or territory, should escalation occur. Otherwise, we could have US forces in the area forced to watch while non-belligerents (e.g., Saudi Arabia) came under attack. Deployed US forces need to be able to act quickly, for instance, to defend Saudi oil facilities which could be destroyed long before NCA approval could be obtained to modify normal peacetime ROEs. Such decisions should take into account the War Powers Resolution and Congressional views.

After escalation has occurred, the ROEs should only permit US forces to engage attacking ships and aircraft. Given the inherent risk and consequences of US attacks on Iranian ports or airfields, the NCA should reserve to itself the sole authority to permit the local commander to attack hostile

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forces at their bases or in the belligerents' territorial waters or national airspace. The alternative risks problems with our Allies. Moreover, because of the escalatory implication of such an act and the possibility of precipitating Soviet involvement, such action deserves interagency consideration in light of the actual situation at the time.

VI. International Energy Contingency Planning

In the face of a real or threatened major interruption of world oil supplies, such as that which could result from an escalation of the Iraq-Iran war, a number of energy policy measures can be taken which offer the potential to alleviate immediate pressures on world oil supplies, and thus provide major oil consuming countries flexibility in the use and timing of other possible measures, including military actions. These energy policy actions would be directed at maximizing oil supplies from other sources, minimizing unwarranted consumer reactions that could aggravate the oil market situation, and coordinating these efforts with other major oil consuming countries.

Specific international energy contingency planning actions that could be taken include:

- Encourage immediate production increases by oil producers and increase efforts to expand overland exports by Persian Gulf producers.
- Convene an emergency meeting of the International Energy Agency Governing Board to review the likelihood of a supply interruption and possible response measures.
- Conduct an operational test of the Strategic Petroleum Reserve to demonstrate publicly the SPR's capability to respond to an emergency.
- Promote better public understanding of energy supply issues and the mechanisms already in place to deal with emergencies.

These together with other possible domestic energy and economic measures should be reviewed as quickly as possible so that they can be integrated with contingency planning underway for diplomatic and military action.